

NERC

Northeast Recycling Council, Inc.

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October 23, 2004

To: Technology Administration, Department of Commerce
RE: Request for Comments on Electronics Recycling

The Northeast Recycling Council, Inc. (NERC) appreciates the opportunity to offer comments on “Technology Recycling: Achieving Consensus for Stakeholders”.

NERC is a non-profit organization that focuses its efforts in the 10 northeast states.¹ Our mission emphasizes environmental and economic sustainability through recycling, source reduction, and decreased toxicity in the solid waste stream. As a stakeholder in the National Electronics Product Initiative (NEPSI) and as an entity with a great deal of practical and research experience in the collection of electronics from consumers for recycling and reuse, we offer the following comments in response to the Technology Administration’s specific requests for guidance:

(1) Definition of covered products.

The products should include:

- Televisions and their peripherals (including VCRs, DVDs, satellite boxes, etc.)
- Personal computers and their peripherals (including the CPU, flat screen and CRT monitors, all essential devices such as mice, modems, keyboards, etc.)
- Laptops
- Printers
- Fax machines
- Cellular phones
- PDAs
- Pagers

These are the most common devices generated by households that require appropriate management, and which individuals bring to electronics collection programs. In other words, they are what the public *thinks* electronics recycling means and expects.

We encourage the Department of Commerce to include small businesses, schools, institutions, organizations within the scope of the entities to whom a national system will apply. Unlike large companies, there are no readily available recycling options available and these entities are the most in need of support and education about the proper end of life management of these products.

While we agree with the Roundtable comments that the list of products should expand over time, we disagree with the statement that “a list of products for recycling should be limited to a small number of items to start with, such as cathode ray tubes and flat panel monitors over a certain size”. The reality of electronics recycling collections is that the public expects and needs access for the full range of common consumer electronic devices that need disposal. Limiting the list to just the CRT, for example, would be essentially impossible to enforce at the point of collection and would result in anger and frustration and a loss of support for the program.

(2) Collection and the role of government in collection

We strongly *disagree* with the Roundtable comment that “A collection process may include but should not mandate participation from retailers, local governments, manufacturers and third parties.” A voluntary system is what exists now. If there is to be an effective national effort it must be mandatory and coordinated.

¹ CT, DE, ME, MA, NH, NJ, NY, PA, RI, VT

We recommend the following as the appropriate role of government in collection:

- Assist in providing education and promotion to the public of the issue, the new system and available opportunities.
- Assist in system and infrastructure design.
- Assist in recordkeeping.
- Provide collection sites and services, but not necessarily bear the financial burden for such.
- We do not believe, however, that government collection should be the only collection opportunities. Retailers, recyclers and manufacturers should also provide collection options within the national system.

(3) Financing collection, transportation and recycling, financing for orphan products, financing historical products versus future products, and the role of government, the electronics industry, and intermediaries in financing

We offer the following recommendations:

Financing

- There should be a front-end financing mechanism (also known as an advanced recovery fee (ARF)) collected at the point of sale.
- This fee should be adequate to fully cover a base level of nationally available service that includes collection, transportation and processing costs of all products: historic, orphan, and current.
- The money should go into a protected public trust fund and not a government account where it could be potentially be raided for other purposes.
- We do not believe that a separate financing system should be developed for orphan and historic products. While in an ideal world such a system would be developed and implemented we do not support pursuing this complex and contentious strategy. It will add delay, complexity and cost to a system that needs to be easy to implement and cost effective.

Infrastructure

- The overall system should be managed by a quasi-public or private Third Party Organization and should not be managed by a Federal agency.
- Those providing collection should receive a "collection incentive payment" to encourage a diversity of entities, who meet certain standards, to provide collection services to customers.
- The payment of the collection incentive should be available to any collector that meets certain standards, including charities, private recycling businesses, retailers, manufacturers, and government programs.

Role of government, the electronics industry, and intermediaries in financing

- Government: the cost of its activities related to education, support of a national system, enforcement and administration should be borne by government (the tax payer).
- Electronics industry: Should be providing education about end of life management and offering take-back and recycling of its own products at no direct cost to the consumer.
- Retailers: Should be providing education about end of life management options and access to recycling and collection options at no direct cost to the consumer.

(4) The role of the federal government in creating a national recycling plan

- We strongly support the Roundtable position that there needs to be a national approach as opposed to a state-by-state approach. The implementation of the recommendations articulated above *will require national legislation, oversight, and a strong and coordinated education program.*
- There is a need for a federal ban on the disposal of CRTs in the solid waste stream that includes individuals and small businesses. This could be done through a regulatory change to RCRA.
- It is essential that a fully developed collection and processing infrastructure is in place *before* the ban takes effect. Taking a close look at the model strategy developed and implemented by the Commonwealth of Massachusetts would be instructive.
- It is also essential that the processing of materials be done in accordance with rigorous environmental management standards; such as those developed by EPA through its Plug Into eCycling Program.

Again, thank you for this opportunity to comment.

Sincerely,



Lynn Rubinstein
Executive Director

Technology Administration

October 27, 2004

Laureen Daly
Office of Technology Policy
Technology Administration HCHB 4817
1401 Constitution Avenue, N.W.
Washington, D. C. 20230

Dear Ms. Daly,

Thank you for the opportunity to comment on issues related to electronics recycling. Representing the Oregon Department of Environmental Quality, I have served as one of the fifteen government representatives in the NEPSI dialogue. As a participant in that process and as a state agency who administers the Oregon statewide Opportunity to Recycle program I would like to provide comments for your consideration on a national electronics end-of-life management system. My comments are organized according to the topics outlined in your request for comments.

A. Definitions of Covered Products:

The following products should be covered under a national system with provisions and criteria for adding and deleting products as appropriate over time.

- TVs (including projection TVs)
- Monitors (including CRTs and flat panel displays)
- Personal computer CPUs (including laptops)
- Computer peripherals (printers, scanners, multi-function devices, mice, keyboards)
- TV peripherals (DVD players, VCRs and related devices)

B. Collection and the Role of Government in Collection:

- The collection system should be designed to be convenient for consumers.
- The system should allow for a variety of collection options, including government collection points where they are appropriate and effective, as well as nonprofits, for-profit private collectors, and retail.
- The system should maximize reuse opportunities and early recovery of stockpiled products.
- Experience tells us that different collection options will be appropriate in urban vs. rural areas.

C. Financing Collection, Transportation, Recycling including Orphan and Historical Products and the Role of Government, Industry, and Intermediaries in Financing:

As a state agency working with local governments and businesses to implement waste prevention, reuse, and recycling programs throughout the state of Oregon, we have heard from local governments that they want to see manufacturer financed recycling programs for electronics and are not able to add additional fees to their solid waste programs to provide government supported programs. Local governments have also indicated to us that programs supported by end-of-life fees create illegal dumping situations and do not encourage people to recycle their discarded products.

- The financing system should be a “front-end” approach where end-of-life management costs are reflected in the purchase price of a product when initially sold.
- The financing system should cover all system costs including a basic level of collection service, transportation and recycling/recovery.
- The “front-end” financing should be established in an amount to include collection, transportation and recycling/recovery of orphan and historic products as well as the regular product waste stream that will be recycled. The orphan and historic stream should be evaluated periodically and financing adjusted accordingly.
- The funds to finance the system should be managed by an independent nongovernmental third party organization. The funds collected should be dedicated to funding the management system and not available for other uses.

D. Role of the Federal Government in Creating a National Recycling Plan:

- Federal legislation should be passed to establish the basic elements of the system including product scope, financing mechanism and initial amount of financing needed, procedures to ensure manufacturer participation in the system, legal authority for the independent organization managing the funds, and performance goals.

- The federal government should also be responsible for establishing environmentally sound management standards or guidelines for end-of-life management of electronics, measurement of performance goals, and enforcement of manufacturer participation in the financing system.

Thank you again for the opportunity to comment on this critical and important issue.

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Portland, Oregon

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Panasonic

October 27, 2004

Ms. Laureen Daly
Office of Technology Policy
Technology Administration HCHB 4817
1401 Constitution Avenue, N.W.
Washington, DC 20230

Dear Ms. Daly:

Thank you once again for the opportunity to participate in the Electronics Recycling Roundtable. Panasonic applauds the Department of Commerce's taking a leadership role on electronic product recycling. The Department's report will establish a valuable foundation for the next Congress to develop a balanced solution by highlighting key issues and challenges.

In addition to my comments at the Roundtable, I would like to emphasize that Panasonic supports the development of a comprehensive national system that meets the needs of all stakeholders, including consumers. We envision a nationwide system that builds upon and enhances the existing electronics infrastructure while providing consumer convenience, cost efficiencies, and assurances for proper environmental management.

While we understand the desire of some manufacturers to continue to experiment with individual company programs, it should be noted that to date none have proposed a detailed overview of how such programs would work in practice. Likewise, individual company programs should not be allowed to detract from the integrity and comprehensiveness of an overall system.

Panasonic's extensive experience with recycling programs around the world suggests that a national program based on an Advanced Recovery Fee (ARF – which can also be thought of as a “user fee”) collected at the point of retail sale represents the most practical solution to this complex challenge. As you know, Panasonic, along with 10 other major manufacturers in the IT and consumer electronics industry, belongs to the Electronic Manufacturers Coalition for Responsible Recycling (“Coalition”): The Coalition also supports that ARF approach. (Please see attached Coalition ARF Summary.)

Toward achieving this goal, Panasonic participated in the National Electronic Product Stewardship Initiative (NEPSI), dialogue. The goal of the multi stakeholder-driven NEPSI is to develop specific policy recommendations for implementation of an effective national collection and recycling system. After approximately three years of dedicated work, the vast majority of NEPSI group members recommended that the NEPSI national system be financed through an ARF collected at the point of sale and managed by an independent Third Party Organization. Panasonic supports the general NEPSI consensus.

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Unfortunately, the NEPSI manufacturer stakeholders were not in complete agreement. Earlier this year, NEPSI requested the manufacturers to develop a recommendation for financing a national system and report back to NEPSI. Ideally such a consensus would allow NEPSI to finalize its recommendations and move toward implementation of the so-called NEPSI system model.

The NEPSI manufacturer stakeholders have worked within the Electronics Industry Alliance (EIA), our primary trade association for addressing environmental issues, to develop a compromise recommendation for financing a national system. While discussion on this compromise is ongoing, I think it important to provide a brief outline. Building on the NEPSI model, this approach would cover the collection, transportation, and recycling of orphan, historic and future covered products.

The EIA proposal consists of:

- Visible fee at the point of sales on all covered sales. (No “opt-out” of the fee.)
- Funds would be paid to and managed by an independent TPO, with appropriate governmental oversight.
- Individual companies could manage the funds collected on their branded products provided they collected and recycled their share of currently discarded products.

Let me briefly summarize our views on the four specific areas for which the Department requested comments:

(1) Definition of covered products

Panasonic supports the NEPSI list of products. This list includes TVs, computer display monitors, laptops and personal computers, and desktop printers. We think that other products, as appropriate, should be added once the national system is operating effectively.

(2) Collection and the role of government

Panasonic supports the NEPSI proposal for collection, where local governments, retailers, charities and even manufacturers would engage in collection on a voluntary basis and be reimbursed based on the NEPSI incentive payment system.

(3) Financing collection, transportation and recycling

Panasonic supports the NEPSI recommendation for an ARF collected at the point of retail sale and funds managed by an independent Third Party Organization. Panasonic also supports the EIA compromise now under discussion and briefly outlined above. (Please see attached Coalition ARF Summary.)

(4) The role of the federal government in creating a national recycling plan

Panasonic strongly supports the development of a national program for electronics recycling. A national system, which will be achieved through legislation, is the best way to ensure a level playing field for all stakeholders, including manufacturers.

The federal government can also play a key role in developing incentives that would foster further design of environmentally conscious and recyclable products.

Technology Administration

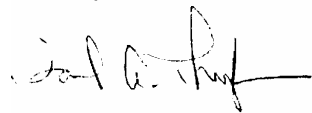
EPA's Electronic Product Environmental Assessment Tool (EPEAT) project represents an excellent example of how government and other large institutional purchasers might leverage their substantial purchasing power to achieve design improvements. The Energy Star program is another laudable example. Finally, back-end rewards administered by the TPO would also provide significant design incentives. For example, manufacturers who demonstrate significant design for recycling successes would be rewarded.

Additionally, the federal government can help stimulate the market for recycled materials contained in electronic products. Tax credits for the use of post-consumer materials would be very helpful. Similarly, the materials contained in electronic products possess significant imbedded energy. Quantifying this energy and reclaiming it through recycling would likely result in significant greenhouse gas emissions reductions. Development of a system that would value these emissions savings in the marketplace would also help. Increasing the secondary market value of these materials would go a long way to minimizing the cost burden of collecting, transporting and recycling on all stakeholders. Finally, the federal government should continue its educational efforts, as evidenced in EPA's pioneering Plug-In To eCycling Program.

Conclusion

Panasonic would like to thank the Department for initiating this effort on an issue of vital importance to both the electronics industry and American society. We will continue to work proactively with all stakeholders to achieve a comprehensive workable solution. We look forward to the Department's continuing leadership and to working with you to achieve this admirable goal.

Sincerely,



David A. Thompson
Directory
Corporate Environmental Department

Enclosure

Cc: Peter Fannon, V.P. – Technology & Regulatory Affairs

An ARF Based Electronic Product Reuse & Recycling System



Coalition Members

Hitachi America
IBM Corporation
JVC America
Mitsubishi Digital Electronics America
Panasonic (Matsushita Electric)
Philips Consumer Electronics North America

Samsung Electronics America
Sanyo Fisher Company
Sharp Electronics
Sony Electronics
Thomson Inc. (RCA)

The Manufacturers' Coalition proposes a comprehensive financing system for the management of end-of-life electronics that utilizes an Advanced Recycling Fee (ARF). The Coalition model is based on the national solution developed by the National Electronic Product Stewardship Initiative (NEPSI). The NEPSI model balances the diverse set of stakeholder interests and is supported by the great majority of participants. This model is built on three core principles:

Principle #1 A shared responsibility system should involve the active participation of the various stakeholders in ways that they can best help deliver the needed services. This includes manufacturers, government, retailers, recyclers, and the consumer. Electronics manufacturers will play a pivotal role through participating in the management of the recycling system, collecting the fee on direct sales, and providing recycling information to customers. To improve product design, the Coalition supports the development of design standards and environmental procurement criteria. Manufacturers also wish to explore how to promote the development of markets for recovered materials through product design.

Principle #2 A sustainable solution to this urgent problem must be a national system. States can contribute to a national solution by adopting consistent approaches, founded on principles of fairness and efficiency, that transition to a national system when one is implemented.

Principle #3 A comprehensive solution should assure that the end-of-life infrastructure – from local collectors and reuse enterprises through national recycling markets – is adequately funded and efficiently managed to deliver environmentally responsible, high reliability service at the lowest practical cost.

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An ARF Provides the Greatest Number of Benefits

- An ARF, because it provides 'soup to nuts' funding, will build the soundest infrastructure, provide the best service for the public, and place the least financial burden on local communities, and on consumers themselves.
- Because 100 percent of the funding is based on current sales of covered products, the ARF assures the fair distribution of financial responsibility amongst product brands. And it is fair for consumers as only users of new electronics will pay for their recycling, not all taxpayers.
- An effectively run ARF system delivers the lowest cost for consumers by employing competitive contracting for the procurement of transportation and processing, and by creating economies of scale. The system also builds on the existing local infrastructure for collection, reuse and consolidation.
- The ARF provides reliable cost coverage for the substantial historic backlog of qualifying products, including orphan products for which the brand owner is no longer in business.
- The ARF can be implemented effectively at the state level, and it will position a state to readily transition to the national program when implemented.

Key Features of the Coalition Proposal

In short, the system will include the following features:

- It will cover personal and portable computers, monitors, desktop printers and multi-function devices, and TVs from both consumers and businesses.
 - Recycling logistics and processing will be procured through competitive contracting, based on audited environmental standards, to assure the lowest cost, while providing a high level of service.
 - An ARF will provide funds for local collection and it will utilize existing businesses and organizations, offering diverse and convenient service.
 - Product reuse will be provided by local enterprises, e.g. charities, non-profits and businesses.
 - Management of the funds and contracting for service will be performed by a private, not-for-profit third party organization (TPO), in which a central role will be played by manufacturers, with the participation of retailers, government, environmental organizations and other stakeholders.
 - Public education will be provided by statewide promotional materials and local networks.
- No better public educational tool can be found than the ARF itself.

Why Not the Alternative – A Manufacturer Responsibility Mandate?

WE UNDERSTAND THE APPEAL OF THIS APPARENTLY SIMPLE APPROACH, BUT WE BELIEVE THAT IT FAILS TO DELIVER ON ITS PROMISE.

Consider:

- These proposed programs – and none have yet been implemented – generally do not cover collection costs. These costs are left for local governments, many of whom already face very difficult choices.
- The financing system needs to work well and be fair for all brands. It is a complex electronics marketplace, including large and very small companies, domestic and foreign manufacturers, long-term producers and those that come and go quickly, and branded and unbranded products. Enforcement of a mandate will be complex and costly. And inevitably some companies will escape responsibility under a "manufacturer mandate" system.
- Those who promote a manufacturer mandate promise an incentive for environmental design. Indeed, environmental design is very important. However, the financial savings to the manufacturer from improved recycling efficiencies are small, and the benefits are received many years after the sale. Moreover, in collection systems brands are mixed, and without expensive sorting, the benefits of improved design will not be experienced by those that made improvements.
- Note that the companies that promote a manufacturer mandate, those with the largest current market share, will experience competitive advantage by going it alone. The companies that most need a design incentive, small and foreign brands, will work through collectives, which would blunt any design incentive.

In sum, a manufacturer mandate leaves local communities with a new financial burden, fails to deliver a design incentive for industry, will be problematic to enforce, and unfairly advantages the large market-share producers and newer market entrants.

Manufacturers' Responsibilities under the ARF

Some say that the ARF lets producers off the hook.

On the contrary, manufacturers propose to play several important roles to make the ARF system work:

- Participate in managing the system through the TPO.
- Provide information directly to customers on proper end-of-life management, through notices in product literature and on corporate web sites.
- Improve product design by adopting new worldwide standards to eliminate toxics.
- Participate in the creation of an environmental purchasing label, such as the Electronic Product Environmental Assessment Tool, especially for government and institutions.
- Assist recyclers with information on product features that will affect end-of-life management.

Members of the Coalition recognize that there are complexities in an ARF, such as coverage for internet sales and the formation of a private TPO. The members are committed to seeking a fair and equitable distribution of the ARF that captures 100% of covered products and that firmly establishes fair market conditions.

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Technology Administration

Pennsylvania Department of Environmental Protection

Email Received 10/22/2004

Ms. Daly:

Please find below comment on Electronics Recycling issues. Thanks,

Jeff Bednar, PA DEP

What products should be covered:

- a) Televisions and peripherals (VCRs, DVDs, etc)
- b) Computers and peripherals
- c) Audio equipment (receivers, tape decks, CD players, etc)

Actual collection methods--

- a) Permanent collection sites at locations determined by local government and possibly retailers

Financing methods--

a) We do not favor an ARF since that method does not best represent "product stewardship" or shared responsibility. Rather, it puts the sole responsibility on the consumer. An ARF sets a poor precedent for future materials under consideration and has the potential of being "raided" for uses other than electronics recycling. We support a "shared responsibility" model, with an equitable distribution of costs. For example, OEMs pay to recycle their own materials; historic/orphaned waste is shared amongst OEMs, retailers and Government (perhaps thru end of life fees) and transportation paid for by retailers and government and finally advertising/education shared by all.

Role of governments--

- a) Hold electronic events at common areas; education and advertising; perhaps share in transportation costs.

Radio Shack

Email Received 10/27/2004

Ms. Daly:

I have previously provided you RadioShack's general concepts and facts. You also have heard what I had to say at the panel discussion. But here are RadioShack's specific thoughts on the 4 topics:

1) what products should be covered: TV's and monitors with a screen size of 9" or more when measured diagonally, whether CRT, plasma, LCD, or newer technology UNLESS the technology can be shown to be nonhazardous. (CA's law only covers these products, although the screen size specified is smaller.) As a distant alternative, a narrower version of the NEPSI list.

2) actual collection methods: Primarily customer drop off at consolidation sites either government-run or third party. Subsidized, voluntary events or programs. Definitely NOT mandatory in-store takeback.

3) financing methods: I must point out that this question presupposes that full manufacturer responsibility is not an option. If that's that case, I'd propose a fee assessed on the manufacturer for all of it's covered products intended for the U.S. market (fee can be passed along through the price of goods to the retailers and ultimately the consumer). A visible Advance Recovery Fee ("ARF") at point of sale to the consumer in reality offers no advantages over a fee on the manufacturer. Either way, you're going to have to institute an ongoing education effort. And considering the life of these products, the consumer visibility of the fee makes little to no difference. Plus, a visible ARF at point of sale is complex and may be difficult to enforce beyond large national/regional chains.

As a very distant second, a visible ARF at point of sale ONLY IF a truly preemptive federal solution is possible so that there is ONE rate nationwide on covered products AND retailers are compensated for the costs of collecting and remitting. The single rate should be under \$10. ALL sellers should collect and remit on all sales to end users, whether internet, catalog, brick & mortar, commercial, or consumer. No sales to end users whatsoever should be exempted from the fee.

4) The role of governments in electronics recycling: I guess this raises a question -- is government willing to take any role other than as regulator? From what I've seen at the state level and as an outside observer of the NEPSI process government appears to want to shift funding and administration of this societal problem totally onto the backs of business and consumers. What is left for government to take a role in other than regulation?

Please note: these are RadioShack's answers, not those of the Consumer Electronics Retailers Coalition ("CERC") or any other retailer. If CERC chooses to answer, RadioShack may join in their answers as a member of that coalition. But these are specifically and uniquely RadioShack's views. Also, I'm attaching another copy of our general positions statement as a reminder. Thank you.

Arnold Grothues
Radio Shack

RADIOSHACK'S POSITIONS

1. Size matters. While batteries and cell phones may be efficiently collected in our stores, anything bigger than that cannot. Any solution to handling ewaste such as TV's and computers should not mandate retail take-back because it is inefficient and costly.
2. Consistency matters. A national solution is preferred to a patchwork, state-by-state solution which is difficult for consumers and retailers.
3. Simplicity matters. A program must be easy to understand and implement. Reporting should be minimal and limited to the least information necessary to administer the program. The number of covered products should be limited and clearly defined by easy to understand definitions.
4. Fairness matters. You should not expect more of a brick and mortar retailer than you do of an internet retailer. You should not expect more of a retailer than you do of a manufacturer. If a model is to be mandated, any opt outs and alternatives should be carefully considered to assure they cannot be abused for competitive advantage
5. Cost matters. Programs must be cost-effective for the consumer, the retailer, the manufacturer and government.

Recycling Business Group – Federal Prison Industries, Inc.

Email Received 10/27/2004

Ms. Daly:

It was a pleasure meeting you @ the Dept. of Commerce Roundtable and seeing you @ the early morning EPA discussion meeting @ the E-Scrap meeting in MN on the upcoming Summit. Sorry I didn't get a chance to chat with you.

I want to thank you for the opportunity to provide the Department of Commerce information concerning the electronics recycling program Federal Prison Industries, Inc. (trade name UNICOR) as been providing to both the public and private sectors for over eight years. As you are aware, UNICOR is a self-sustaining US Government Corporation created by an Act of Congress in 1934 to productively employ and train individual remanded to the care of the United States Attorney General. UNICOR operates on the revenues derived from the sale of our products and services without any appropriated taxpayer funding.

RESPONDING TO THE CHALLENGE

In lieu of continued abandonment and destruction, UNICOR's Recycling Business Group provides an environmentally sound way to recycle electronic scrap in a cost-competitive manner on a nationwide basis while provide federal inmates who volunteer to participate in this program the opportunity to earn money and skills necessary to recycle their lives.

Since 1994, UNICOR has responded to the challenge with a federal inmate-staffed approach to managing e-scrap. Since that time the inmate worker population has grown to include nearly 1,100 highly trained recycling workers. With seven prison factories across the United States, UNICOR's recycling program is truly a national program thus deriving additional and substantial savings in transportation and energy costs.

We currently have 7 recycling locations located throughout the United States providing recycling activities in accordance with all federal, state and local environmental, health and safety regulations. In FY 04, UNICOR recycled more than 43,000,000 pounds of a wide assortment of electronic equipment in an environmentally friendly manner saving precious landfill space. We have numerous Teaming Agreements in place with private sector companies nationwide to compliment the asset management service they provide and for them to provide transportation, logistical and marketing support for the recycling activities UNICOR provides.

FORMING STRATEGIC ALLIANCES

Agencies and businesses that team with UNICOR understand the benefits of working with an organization that provides these valuable activities at a competitive price, in a timely fashion. UNICOR customers include not only federal, state and local governments but also public entities, nonprofit organizations, and private sector businesses. UNICOR's program is a labor-intensive program, so there are few capital machinery and equipment expenses, which keep the costs down and affordable. UNICOR's commitment to the environment extends to its vendors, who are required to sign no-landfill certifications, follow restrictive export policy and agree to site inspections.

EARNING PRESTIGIOUS RECOGNITION

The efforts of the Recycling Group were acknowledged in 1999. The recycling centers in Elkton, Ohio, and Marianna, Florida, were the recipients of the prestigious "Closing the Circle Award" from the White House for their recycling activities. The Elkton facility also received a 2003 Department of Justice Energy and Environmental Management Award in the category of waste/pollution prevention for their electronic recycling activities.

Technology Administration

RECYCLING VALUABLE LIVES

UNICOR views employment as a human right. UNICOR's recycling program gives more than 1,100 federal inmates an opportunity to voluntarily participate in a work program. While developing job skills and earning stipends from this participation, these inmates improve their self-worth and prepare for reentry into society in a manner in which they can become active participants. Inmates use their earnings to pay victim restitution, court imposed fines, family and child support, commissary needs and save to help them get started on being productive citizens upon their release.

BENEFITTING TAXPAYERS

UNICOR receives no tax dollars to operate, therefore all revenue goes back into the corporation as operating funds. Rather than draining the federal budget, these inmates contribute to a program that benefits not only the environment and society in general but also the taxpayers of the United States. While incarcerated, these inmate workers require fewer correctional officers, present fewer problems and experience less stress, improving institutional safety and reducing the cost of incarceration. Upon release, these inmates are ready to enter the workforce prepared with real skills, for the real world. Inmates who participate in these program are less likely to commit crimes and return to the prison system, lowering recidivism.

PARTICIPATING IN A GREEN SOLUTION

UNICOR's unique, full-service recycling program is an integrated part of the e-scrap solution needed in the United States. UNICOR's processing methods begin with receiving, testing, and auditing the equipment. Equipment is first assessed to determine whether it can be used for its original purpose. UNICOR believes the highest and best use for this equipment is reuse. The trained workers strive to recondition the equipment to the greatest extent possible. If reuse is not an option, the equipment is then demanufactured for recycling. To ensure that donors are not open to liability, functioning equipment is cleaned, and all data is wiped from the operating system in accordance to DoD standards. Additionally, all asset tags and property stickers are removed before the equipment is sold to other companies or donated to local schools.

TURNING WASTE INTO A COMMODITY

Nonfunctioning equipment is mined for functional components or items of value such as memory, mice, ethernet cards or key boards before it is completely demanufactured and recycled. Using a method called single-stream recycling, UNICOR uses its processes and labor to completely demanufacture nonfunctional units into residual materials, which are segregated and sold to reprocessors in the private sector. This intensive segregation of various materials is possible by the application of UNICOR workers efforts which greatly increases their value and demand in the secondary markets. The commodities, in turn, are sold to carefully screened buyers who use the base materials to produce new products.

DEMONSTRATING COMPLIANCE

UNICOR's recycling facilities are regulated by the same agencies that regulate commercial e-cycling facilities. These facilities operate in accordance with all federal, state, and local environmental regulations. In addition to UNICOR's strict no-landfill policy, the Recycling Business Group in accordance with policy, complies with all OSHA standards and each factory is staffed with a full-time safety manager. UNICOR locations are fully permitted, where required, by state EPA regulations. UNICOR has engaged highly reputable outside agencies to conduct third-party inspections and verify its compliance efforts. UNICOR's factories have undergone intensive reviews of their ability to perform effective recycling activities, including safety procedures, evacuation procedures, and materials handling, inspection, and disposition.

UNICOR wants to be part of the solution to the e-scrap challenge facing the United States. We want to team with other entities and private sector companies to compliment and support their efforts in this effort by utilizing our national coverage, infrastructure, cost effective labor and processes in meeting this challenge.

I would be pleased to meet with you or anyone else to elaborate on the benefits of effectively utilizing UNICOR's recycling program.

Sincerely

Lawrence M. Novicky
General Manager
Recycling Business Group
Federal Prison Industries, Inc.
Washington, DC

Technology Administration

October 26, 2004

The Honorable Phillip J. Bond
Under Secretary of Commerce for Technology
Technology Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W., Washington, DC 20230.

RE: Comments on Electronic Recycling

Dear Mr. Under Secretary:

The Retail Industry Leaders Association (RILA) welcomes the opportunity to provide the Department of Commerce with comments on the growing issue of electronics recycling. Having participated in the Technology Administration's roundtable discussion on this issue last month, we appreciate the department's outreach to the retail community and other interested parties. Representing numerous retail companies that market and sell electronic products, RILA is an important stakeholder in this issue and stands ready to work with the federal government, product manufacturers and other stakeholder groups to arrive at public policies that balance legitimate environmental concerns with the equally legitimate interests of retailers.

The Retail Industry Leaders Association (RILA) is an alliance of the world's most successful and innovative retailer and supplier companies – the leaders of the retail industry. RILA members represent more than \$1 trillion in sales annually and operate more than 100,000 stores, manufacturing facilities and distribution centers nationwide. Its member retailers and suppliers have facilities in all 50 states, as well as internationally, and employ millions of workers domestically and worldwide. (For a list of RILA members, please visit www.retail-leaders.org.)

The Department requested comments on four specific topical areas, each of which are addressed below in the order they were presented.

Definition of Covered Products

RILA believes that the definition of covered products should be clear, limited and easy to understand and that manufacturers should accept the responsibility to identify all covered products to retailers. The addition of new products covered by the program should occur annually on a specified date in order to avoid the complications in administration and systems programming that would result from adding new products at various times throughout the year. RILA believes a list of products for recycling should be limited to a small number of items to start with, such as cathode ray tubes and flat panel monitors over a certain size, and have a clear timetable for expansion of the list. The Federal Government should work with stakeholders to determine this list and subsequent revisions to it.

Collection and the Role of Government in Collection

RILA adamantly opposes mandated retail collection or take-back of electronic products. While some retailers may choose to offer take-back services, that approach may not fit with the business model of all retailers and thus should not be forced upon them. In addition, Collection sites should be conveniently located for consumers to preclude the need to drop-off products at retail stores. Government should help facilitate collection of electronic products by supplying consumers with education materials through its public information services on how to properly dispose of products and provide lists of local disposal facilities.

Financing Collection, Transportation and Recycling; Financing for Orphan Products; Financing Historical Products Versus Future Products, and The Role of Government, The Electronics Industry, and Intermediaries In Financing

RILA members prefer a national solution in order to avoid confusion from state to state. Any federal program must pre-empt existing state and local recycling laws. If State electronic recycling programs are developed,

they should be done on a statewide basis, pre-empting all county and local government recycling programs. Where the recycling program includes retail involvement at the point-of-sale, one plan for all retailers and manufacturers would be the most fair and appropriate.

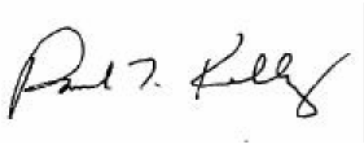
If advanced recovery fees (ARF's) are to be collected by retailers, such fees should be easy to administer and program into retail point-of-sale terminals. Only one fee should apply, regardless of the product, and should be made clear and transparent to the customer. Compensation must be provided to retailers for collecting and remitting the ARF. If the ARF increases, so should the retailer's compensation. Retailers that operate via internet, catalog and all other non walk-in retailers must not be treated any differently than traditional "brick and mortar" retailers and must be required to collect the same ARF. The state's ARF would only apply where that state's sales or use tax would be applicable.

The Role of the Federal Government in Creating a National Recycling Plan

The Federal Government should work with stakeholders in order to develop a recycling plan that should ultimately be implemented by the states. This plan should include clear and concise guidelines that states must adhere to in order to avoid any possible confusion from state to state. In consultation with stakeholders, the Federal Government Comments on Electronics Recycling should ultimately decide what products should be covered and what products should be added to the list each year.

As the Administration further explores this and related issues, we urge you to continue to work with RILA and its member companies to ensure that any policies endorsed or implemented by the government result in as little disruption as possible to the retail sector and its customers. If you have any questions on this matter, please contact Jason Todd in our government affairs department at (703) 841-2300 or by email (jason.todd@retail-leaders.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Paul T. Kelly", is written over a thin horizontal line.

Paul T. Kelly
Senior Vice President, Federal and State Government Affairs

Technology Administration

Rusk County (WI)

Email Received 10/25/2004

Ms. Daly:

I am the Recycling Coordinator for Rusk County in Wisconsin, a small county of only 15,000 people. However, my concerns are great. It appears that local levels of government, schools, and residents in general are of the opinion that it is okay to send e-scrap to the landfill as is. It is not a matter of education but lame excuses such as I am not going to pay to get rid of these products; it's too far to the landfill; collections at places like Office Depot are 50 miles away. We need e-scrap legislation nationally. Many states are working on their own programs, but their efforts could be combined to make a more effective national program. I believe a small charge should be added at the time of purchase and that a label should be included in the packaging to allow for shipping, postage paid, back to the manufacturer or to a re-manufacturer. This would result in less e-scrap in local ditches and dumpsters.

Sincerely,

Cecelia A Stencil

Rusk County Recycling Coordinator



Silicon Valley Toxics Coalition
760 North First St. San Jose, CA 95112 408-287-2607 svtc@svtc.org www.svtc.org

Oct. 27, 2004

Laureen Daly
Office of Technology Policy
Technology Administration HCHB 4817
1401 Constitution Avenue, N.W.
Washington, DC 20230

Dear Ms. Daly,

Thank you for this opportunity to comment on specific issues regarding electronics recycling. Silicon Valley Toxics Coalition (SVTC) is a diverse grassroots coalition that engages in research, advocacy, and organizing around the environmental and human health problems caused by the rapid growth of the high-tech electronics industry.

SVTC is a member of the Computer TakeBack Campaign (CTBC), and we support a national electronics producer responsibility system that meets the three principles of the CTBC campaign: Take it back, make it clean, and recycle responsibly. A description of these principles can be found at <http://www.computertakeback.com/about/index.cfm> and http://www.computertakeback.com/about/ctb_platform.cfm. Another excellent guideline for a national program is the Extended Producer Responsibility Working Group's statement of principles and list of essential program elements. It can be found at <http://www.eprworkinggroup.org/>.

The following are SVTC's specific comments on each of the four areas you have identified.

(1) Definition of covered products

- The program should cover all the electronics that are covered in the European Union's WEEE Directive. This includes a wide range of products that have a circuit board and plug, such as televisions, computers, refrigerators, stoves, toasters, hair dryers, radios, electronic tools, smoke detectors, etc.
- The Federal Register indicates that roundtable participants suggested that a list of products for recycling should be limited to a small number of items to start with and have a timetable for expansion of the list. If a decision is made to initially start with a smaller list than covered in the WEEE Directive, that list should include - at a minimum - the following:
 - Computers
 - Computer monitors including CRTs and flat screens
 - Laptops
 - All large and small peripherals related to computers, including multi-functional devices
 - Televisions
 - All large and small peripherals related to TVs, including VCRs
 - Cell phones
- All of the above should include products generated by all entities, including large and small businesses, institutions, governments, schools, charities, and residents. This is critical to meeting the needs of all parties with regard to the management of electronics, and it will serve to create a sufficient economy of scale for a national program to function.

(2) Collection and the role of government in collection:

- The whole system (including collection, consolidation, transportation, reuse, recycling, and any necessary disposal) should be arranged and financed by individual manufacturers and/or through a Third Party Organization (TPO) made up of manufacturers. It should not be arranged or financed by the Federal government or local governments.
- It is likely that this type of system would result in individual manufacturers and/or a TPO contracting with a number of electronics processors throughout the country. There should be a guarantee that these processors provide

environmentally sound processing without the use of prison labor and that no hazardous electronic waste is exported to developing countries.

- Those providing collection and transportation to the processors should receive a "collection incentive payment" to encourage a diversity of entities - who meet certain standards - to provide collection services to customers.
- The payment of the collection incentive should be available to any collector type that meets certain standards, including charities, private recycling businesses, retailers, manufacturers, and government programs. No entity should be required to provide collection, but the payment system should be established such that it is beneficial to and desirable for many entities to do so.
- Alternately, SVTC would also support a collection system arranged and financed by manufacturers who elect to partner with specific retailers or other entities as long as the system is free to the customer, convenient in both urban and rural areas, and does not result in an unfunded mandate to local governments.
- Local governments should not be put in the position of needing to collect and transport electronics without being adequately paid for doing so.
- The collection system must be convenient. It should be as easy to recycle a computer (TV, cell phone, etc.) as it is to buy one.
- Local and state governments, along with manufacturers, will have a role to play in helping promote collection and recycling systems to residents.

(3) Financing collection, transportation and recycling, financing for orphan products, financing historical products versus future products, and the role of government, the electronics industry, and intermediaries in financing

- Each manufacturer (brand owner) should be individually responsible for financing the end-of-life collection, transportation, recycling, reuse and disposal of their future and historical products. This places responsibility on the party with the greatest ability to reduce the environmental and human health impacts of products – the brand owner.
- All costs for end-of-life management of products should be considered part of the manufacturer's regular cost of doing business and included in the price of the product at the time of sale (cost internalization).
- This type of front-end financing gives manufacturers the feedback and financial incentive to design products that are less toxic and more easily recycled while also creating markets for recycled materials derived from electronic products.
- Financing must be adequate to provide for an environmentally sound system not dependent on export of hazardous materials or use of prison labor.
- Financing must be adequate to provide for convenient collection in both urban and rural areas.
- Orphan products should be financed collectively by the industry, e.g. prorated by market share by electronic product type at the time the waste management costs are incurred.
- Recycling and reuse programs should **not** be funded with end-of-life user fees. These fees discourage return for recycling. In a 2002 survey of King County, Washington, citizens, it was found that when faced with a \$20 fee to recycle an old computer system, 34% of the respondents said they would store their computer at home instead of paying the fee. Another 4% admitted that they would put it in the garbage illegally.
- Recycling and reuse programs should **not** be funded with advance recycling fees managed by federal or state governments. This type of a system would absolve manufacturers of any responsibility, could need to be supplemented with taxpayer money, and could easily be raided for use in other government programs.

(4) The role of the federal government in creating a national recycling plan

Because the NEPSI process has been unsuccessful in coming to a workable solution, individual states have passed - and will continue to pass - legislation to respond to the growing electronic waste problem. However, SVTC would strongly prefer a national system based on producer responsibility rather than a patchwork and partial state-by-state system. The following are some components of an expanded federal role.

- Pass federal producer responsibility legislation so that all competing producers within a product category are mandated to participate and meet the same high standards. This will provide a level playing field for all manufacturers and ensure that there are no "free riders."
- The federal legislation should also establish measurable rates and deadlines as well as reporting requirements to ensure an effective system. The federal government would report the results to the public.
- Assist in providing education and promotion to the public on the issue, the new system and available opportunities.

- Ban the disposal of unprocessed covered electronic products and hazardous electronic waste.
- Ban export of hazardous electronic waste to developing countries either for disposal or for recycling.
- Assist in improving the regulatory environment to provide needed environmental safeguards and encourage success of the system/infrastructure.
- Expand federal agency and facility participation in environmentally preferable purchasing of electronics, support of use-phase conservation strategies, and manufacturer take-back and
- proper management at end-of-life. Federal purchasing power could drive substantial design improvements in electronics manufacturing and end-of-life services.

Thank you for this opportunity to provide comments. Please feel free to contact me if you have questions or would like further input.

Sincerely,

Ted Smith, Executive Director
Silicon Valley Toxics Coalition